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Chairman Nesbitt & Honorable Members of the House Energy Policy Committee
Anderson House Office Building
124 N. Capitol Ave, Lansing, MI 48933

May 20, 2015

Thank you Mr. Chairman and Members of the Committee:

I would like to begin by thanking you all for your continued efforts to craft an energy solution for Michigan's Upper Peninsula. To introduce myself, my name is Tom Scharff and I currently serve as the Director of Power Generation Resources for Verso Corporation. To provide some background information, previously I served as Chairman of the Energy Committee for the National Paper Trade group, the American Forest & Paper Association, and was past Chairman and member of the Wisconsin Paper Council's Energy Steering Committee. In addition, I am currently serving as Chairman of the Wisconsin Industrial Energy Group (WIEG), and a member of the Kentucky Industrial Utility Customers Group, the Minnesota Large Power Intervener Group, and the Michigan Forest Products Council while serving as the President of the Consolidated Water Power Company (CWPCo), a fully owned and regulated electric utility subsidiary of Verso Corporation in Wisconsin.

To provide you some background on Verso Corporation, Verso owns and operates eight pulp/paper mills across the country; and as of January of this year with the acquisition of a competitor, NewPage Corporation, Verso now has two locations within Michigan in both Quinnesec and in Escanaba.

Currently Verso is responsible for:

- 1396 Direct Jobs within the U.P and close to 9,000 In-Direct Jobs.
- Over \$250 Million added to the local economy.
- \$156 Million payroll.
- Over \$180 Million dedicated to wood purchasing alone.

In 2012 the Quinnesec mill successfully added 28 megawatts of renewable biomass generation which allowed the mill to meet 95 percent of its required electricity. This is enough power to serve 18,000 homes per year. This project saved over \$7 million on an annual basis, helping to keep the facility competitive in the global market and to keep the jobs in the UP.

While Verso has a significant number of interests, none are as valued as sustainable and sound energy policies. Verso supports the goals outlined in the American Forest & Paper Association's ***Better Practices, Better Planet*** 2020 initiative which directly aims to increase energy efficiency, reduce greenhouse gas emissions, and promote sustainable business practices. As you all know, Michigan's Upper Peninsula is in a precarious situation with its energy reliability and cost. We appreciate the work Governor Snyder and this Committee has undertaken to address this issue, we recognize that there is still work to be done which is why we are here in support of HB



4575.

As you know, HB 4575 has the opportunity to be incredibly impactful in a number of ways. Exploring efforts to allow for the increased investment in transmission infrastructure between Michigan's Upper and Northern Lower Peninsula is one critical part of a comprehensive solution for the UP and Michigan's overall energy future. A robust utility corridor between the two peninsulas will improve reliability and provide greater access to wholesale power markets. This investment in public infrastructure is long overdue and will provide long-term benefits for customers in the Lake States Region.

HB 4575 and its Senate companion SB 282 not only provides for an increase sense of investment from the State, but continues to follow Governor Snyder's outline for a comprehensive solution based on Affordability, Adaptability, Reliability, and Protecting Michigan's Environment.

Again, thank you very much for your time and opportunity to testify in front of you and I would be more than happy to answer any questions.

Thomas Scharff
Director of Power Generation Resources
Verso Corporation

